Investor Update 3Q 2016
Repsol Investor Relations

2016-2020 Value & Resilience
Disclaimer

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In October 2015, the European Securities Markets Authority (ESMA) published the Guidelines on Alternative Performance Measures (APM), of mandatory application for the regulated information to be published from 3 July 2016. Information and disclosures related to APM used on the present Q3 2016 Results Earnings Release are included in Appendix V “Alternative Performance Measures” of the Interim Condensed Consolidated Financial Statements for the nine-month period ended 30 September 2016.
Company Overview
Company overview

3Q16 key messages

✓ Driving for Cash Flow breakeven at $40.

✓ UPSTREAM

- Operating Income positive for two quarters in a row.
- Production in line with the Strategic Plan.

✓ DOWNSTREAM

- Major maintenance completed. Premium to indicator recaptured.
- Chemicals business continued its strong performance thanks to steady volumes and margins.
- Commercial Businesses contribution improved thanks to better sales in Service Stations.

✓ FINANCIALS

- Divestment program ahead of scheduled.
- Net debt below 10 Bn€.
Company overview

Repsol today - An integrated company operating across the entire value chain

Integrated business model

- ~2.4 billion boe proved reserves(*)
- >700 kboepd production
- ~1 million bpd refining capacity
- Core businesses: Upstream and Downstream
- 20% stake in Non-operated shareholding: GNF

World-class explorer

Tier 1 Downstream

Delivery on commitments

Diversified and global portfolio

Capable and talented workforce

(*) As at 31/12/2015
Company overview

Repsol’s shareholders

Total number of shares as of July 2016: 1,466 million

- Caixabank S.A.: 10.05%
- Sacyr Vallehermoso, S.A.: 8.34%
- Temasek: 4.87%
- Free Float: Institutional Free Float 76.74% Retail Investor 19.65%
Key strategic lines
2016-2020
Key strategic lines 2016-2020

Value and resilience

**VALUE**

- Shift from **growth to value delivery**
- Commitment to **sustainable shareholder compensation**

**RESILIENCE**

- Resilient top tier margins
- Self-financing throughout volatile environment
- FCF breakeven after dividends at $40/bbl Brent

**PORTFOLIO MANAGEMENT**

- **Capex flexibility**
  - [~46% Investment reduction vs. 2014]"\(^2\)
  - Creating value through portfolio management
  - [€6.2 B divestments: target of €3.1 B in 2016-2017 period]"\(^4\)

**EFFICIENCY**

- **Synergies and company-wide Efficiency Program**"\(^3\)
- €2.1 B/y savings target in 2018
- > 50% target to be achieved in 2016

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"\(^1\) Repsol released a FCF Breakeven at $50/Bbl on strategic plan 2016-2020 presentation. FCF breakeven at $40/bbl with the revised scenario.

"\(^2\) Repsol released in 2015 full year results presentation an additional investment reduction for 2016-2017 period.

"\(^3\) By the end of the third quarter projects have commenced that will secure approximately 98 per cent of savings target for 2016.

"\(^4\) The 2016-2017 target has been already reached. As of September 2016, €4.8B of divestments have been delivered.
Key strategic lines 2016-2020
Shift from growth to value

// Upstream production evolution //

- Achieved critical mass in E&P business
- Extensive portfolio of assets and development projects
- Optionality to improve portfolio value by divestments

Achieving optimal size and portfolio mix
Key strategic lines 2016-2020

Additional Investment reduction for 2016 and 2017 around €1.8B

- Investment optimization and implementation of our efficiency measures.
- Low Downstream capital requirements.
- Deferring non-critical investment in development and producing assets.
- Keeping in 2016 our production level at around 700,000 barrels per day.

Repsol shows flexibility in this challenging environment

1. Investment does not include G&G and G&A from exploration.
2. 2014 Investment figure includes Repsol and Talisman.
### Key strategic lines 2016-2020

Strict accountability on Efficiency Program

<table>
<thead>
<tr>
<th>Category</th>
<th>// 2016 //</th>
<th>// 2018 //</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Synergies</strong></td>
<td>€0.2 B</td>
<td>€0.3 B</td>
</tr>
<tr>
<td><strong>Upstream Opex &amp; Capex efficiency</strong></td>
<td>€0.6 B</td>
<td>€1.1 B</td>
</tr>
<tr>
<td><strong>Downstream profit improvement and efficiency</strong></td>
<td>€0.2 B</td>
<td>€0.5 B</td>
</tr>
<tr>
<td><strong>Corporation rightsizing</strong></td>
<td>€0.1 B</td>
<td>€0.2 B</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>€1.1 B(*)</td>
<td>€2.1 B</td>
</tr>
</tbody>
</table>

- Recurrent synergies target increased to 400M€
- 98% of the run-rate target for 2016 synergies and 80% of the planned synergies by 2020 already implemented.
- Upstream program ahead of schedule (700 efficiency initiatives identified)
- Downstream and Corporate on track.

*More than 50% of the efficiency plus synergies target in 2018 to be achieved in 2016

(*) Latest projection for 2016: €1.4B
Key strategic lines 2016-2020

Synergies from Talisman integration are already being delivered

/// € 300M in 2016 of which 90% already captured ///

- **Finance**: repurchase of Talisman bonds and joint financial optimization
- **People and Organization**: workforce and contractor reduction from overlaps
- **IT**: application & infrastructure rationalization
- **Exploration**: highgrading of Talisman portfolio
- **General services**: joint insurance program

Repsol increases recurrent synergy target derived from Talisman Integration up to $ 400 M pre-tax
Key strategic lines 2016-2020

Breakevens

Group FCF breakeven after dividends and interests (2016-2017)\(^*\)

Resilience: $40/bbl free cash flow breakeven after dividend and interests

\(^*\) Scenario used to estimate breakevens. [Stress case]: Brent price of 40 $/bbl for 2016 – 2017, and 50 $/bbl flat 2018 – 2020; HH price of $2.6/Mbtu for 2016 – 2017, and 3.5 $/Mbtu 2018 – 2020; Repsol refining margin indicator of 6.9 $/bbl for 2016 and 6.4 $/bbl from 2017 onwards. Breakeven does not include any proceeds from divestments, with the exception of the piped LPG sale already accomplished in 2015.

Repsol’s Base case is: Brent price of 40, 55, 65, 75 and 85 $/bbl from 2016 to 2020 respectively, HH price of 2.6, 3.2, 3.7, 4.2, 4.8 $/Mbtu from 2016 to 2020 respectively and Repsol refining margin indicator of 6.9 $/bbl for 2016 and 6.4 $/bbl from 2017 onwards.
Key strategic lines 2016-2020

Self-financed Strategic Plan even under the stress scenario

// Cash movements 2016-2020 //</!

- Reduction of our investment budget in 2016 below €4B
- Investment reduction for 2016 and 2017 around €1.8B
- Acceleration of efficiency and synergy target in 2016 → €1.4B
- Reduction of Group FCF breakeven to 40$

<table>
<thead>
<tr>
<th>Sensitivities [5 years accumulated]</th>
<th>FCF</th>
<th>Adj. Net Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brent +/- $5/bbl</td>
<td>€1.5B</td>
<td>€1.3B</td>
</tr>
<tr>
<td></td>
<td>-€1.5B</td>
<td>-€1.3B</td>
</tr>
<tr>
<td>Henry Hub +/- $0.5/Mbtu</td>
<td>€0.8B</td>
<td>€0.6B</td>
</tr>
<tr>
<td></td>
<td>-€0.8B</td>
<td>-€0.6B</td>
</tr>
<tr>
<td>Refining Margin +/- $1/bbl</td>
<td>€0.8B</td>
<td>€1.1B</td>
</tr>
<tr>
<td></td>
<td>-€0.9B</td>
<td>-€1.1B</td>
</tr>
</tbody>
</table>

[*] The 2017 target has been already reached. As of September 2016, €4.8B of divestments have been delivered.
Progress of Strategic Plan
Progress of Strategic Plan

Strategic Commitments Follow up

**Investment in 2016**
- Exploration
- Deferral of non-critical investments
- Capture of sector wide deflation
- Re-visit on-going development projects

**Efficiency & Synergies**
- Target represents more than half of the 2018 objective:
  - **Upstream**: 9M16 achieved more than 50% of our full year objective.
  - **Downstream**: in line with our targets
  - **Corporation**: in line with our targets

**Cash Neutrality break-even**
- Investment reduction
- Opex efficiency targets
- Synergies capture

(*) Latest projection for 2016
## Progress of Strategic Plan

### Strategic Commitments Follow up

<table>
<thead>
<tr>
<th>Efficiency &amp; Synergies Program</th>
<th>Target 2016</th>
<th>2016 Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Synergies</td>
<td>0.2</td>
<td>0.3</td>
</tr>
<tr>
<td>Efficiencies</td>
<td>0.9</td>
<td>1.1</td>
</tr>
<tr>
<td>Total (BE)</td>
<td>1.1</td>
<td>1.4</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Divestments &amp; Management Portfolio</th>
<th>Target 16-17</th>
<th>‘16 YTD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Divestments (BE)</td>
<td>3.1</td>
<td>4.8(^1)</td>
</tr>
<tr>
<td>Production (kboed)</td>
<td>~700</td>
<td>694</td>
</tr>
</tbody>
</table>

\(^1\) Includes agreed transactions and other operations.

<table>
<thead>
<tr>
<th>Investment Flexibility</th>
<th>Target 16-17</th>
<th>‘16 YTD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repsol Investment (BE)</td>
<td>3.9</td>
<td>2.3</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Value &amp; Resilience</th>
<th>Target</th>
<th>‘16 YTD</th>
</tr>
</thead>
<tbody>
<tr>
<td>CF Neutrality BE ($/boe)</td>
<td>~40</td>
<td>46</td>
</tr>
<tr>
<td>E&amp;P FCF BE ($/boe)(^3)</td>
<td>~65</td>
<td>62</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Finance Commitments</th>
<th>Target</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment Grade</td>
<td>Maintain</td>
<td>Maintain</td>
</tr>
</tbody>
</table>

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Progress of Strategic Plan

Portfolio management

- **Sale of a 10% stake in Gas Natural Fenosa to Global Infrastructure Partners (“GIP”)**
  - Around €1.9bn of proceeds.
  - The capital gain that this disposition generates is approximately 246 million euros.

- **Sale of our offshore wind power business in the UK for 238 million euros**
  - After tax capital gain of 109M€

- **Sale of Repsol’s 10% stake in CLH**
  - We sold our stake in CLH for 325 million Euros
  - Around 300 million Euros of capital gains

- **Sale of the Piped LPG business for 788 M€**
  - Generating an estimated pre-tax capital gain of ~470 M€
  - Will be cashed-in mostly in 2016. Capital gains also to be booked mainly in 2016

- **Sale LPG businesses in Peru and Ecuador**
  - Agreement with Abastible company totalling 335 million dollars transaction
  - A multiple of approximately 8 times EBITDA

- **Agreement with our partner Armstrong to dilute our position in North Slope**
  - Positive impact on our cash flow of around 700 million Euros

- **Eagle Ford divestment and acquisition of Norwegian producing assets**
  - Significant improvement in the cash flow generation in 2015-2017
  - Improvement of operations thorough the nomination of a single operator

- **Transfer of our 60 per cent stake in the Yme field to OKEA**
  - Saving 200 million euros of decommissioning costs in the 2016-2020 period

- **Repsol amortizes part of TLM’s debt and reduces its financing costs by >80M$/year**
  - Repsol amortizes TLM bonds in the amount of approximately 2.7 billion dollars
  - Total capital gain of approximately 300 M$ pre tax
UPSTREAM

3 core regions in the portfolio

North America: Growth

Production 2016: ~187 kboepd
Operatorship: ~79%
Gas production (2016): 71%

• Unconventional portfolio
• Operatorship
• Valuable midstream positions

Latin America: FCF

Production 2016: ~304 kboepd
Operatorship: ~20%
Gas production (2016): 70%

• Regional scale
• Exploration track record
• Cultural fit

Main Figures

• Current Production ~ 700 Kboepd
• 1P Reserves(*) 2,373 MMboe

SouthEast Asia: FCF & Growth

Production 2016: ~102 kboepd
Operatorship: ~37%
Gas production (2016): 77%

• Self-financed growth
• Relationship with governments/NOCs
• High potential exploration blocks

NOTE: Europe, Africa & Brazil ~ 112 kboepd
[*] As at 31/12/2015
An extensive pipeline of organic opportunities

**Exploration**

- **Contingent resources**
  - Unconventional North America
  - Brazil Campos-33, Sagitario
  - Russia: Karabashky
  - Colombia: CP09 & Niscota
  - Alaska: Colville High
  - GOM: Leon
  - Indonesia: Sakakemang
  - Vietnam: Red Emperor extension
  - Kurdistan
  - PNG: PDL10

- **Prospective resources**
  - Brazil: Santos Basin & Espírito Santo
  - Colombia: RC11, RC12 & Taiyona
  - Unconventional North America
  - GOM
  - Peru
  - Guyana
  - Angola
  - Romania
  - Portugal
  - Norway
  - Indonesia
  - Malaysia
  - Vietnam
  - PNG
  - Bulgaria

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**“As is” organic portfolio potential of more than 900 kboepd**

[*] The PM3 PSC extension agreement was signed on the 6th April, 2016. Repsol equity interest in PM3 is going to be 35%
UPSTREAM

Projects activity in 2016

NORTH AMERICA
- Duvernay/G. Edson
- Marcellus
- Eagle Ford
- Gulf of Mexico

NORTH SEA
- Redevelopment Mon-Arb and Flyndre Cawdor

ALGERIA
- Reganne & Sud-Est-Illizi

BRAZIL
- Plateau Sapinhoá
- First Oil Lapa
- Appraisals

VIETNAM
- Red Emperor

MALAYSIA
- Redevelopment Kinabalu and Bunga Pakma

INDONESIA
- Exploration Activity

* Additional exploration activity in Angola, Romania, Bulgaria and PNG.
Operational activity. Development projects

**Brazil: Sapinhoá & Lapa**
- **Sapinhoá**: Plateau reached in second half of 2016
- **Lapa**: First oil is expected in 4Q16 [ahead of schedule].

**UK: MonArb & Flyndre/Cawdor**
- First oil expected in the first half of 2017

**Malaysia: Bunga Pakma & Kinabalu**
- First production projected for 2018 and 2019 respectively

**Vietnam: Red Emperor**
- Project taken advantage of falling industry costs
- First production is planned for end of 2019

**USA: Marcellus**
- Higher production YoY.
- Cash breakeven close to $2/Mbtu
- Cash generative at current prices

**Peru: Kinteroni & Sagari**
- Production from **Kinteroni** increased in April to 160 million square cubic feet of gas per day
- In **Sagari** first gas planned for 2018.

**T&T: Juniper**
- Start-up is planned for 2017.
- This offshore shallow water project will reach peak production of 95 Kboed [Repsol owns 30%]
Portfolio management: Flexibility to optimize capital allocation

**Upstream Investments**

- **2014**: Exploration 1.9, Development 4.8, Total 6.7
- **2015**: Exploration 3.0, Development 2.8, Total 5.8
- **2016**: Exploration 3.1, Development 2.7, Total 5.8

- Exploration: ~44%
- Development: ~17%
- Total: ~53%

**CAPEX per barrel produced W.I.**

- **2013**: REPSOL 20.2, TALISMANN 13.7
- **2014**: Total 25.4
- **2015**: Total 17.2
- **2016B**: Total 11.0

**NOTES**

1. Investment excluding G&G and G&A from exploration and including efficiencies
2. 2016 Investment €2.9 Bn (exchange rate 1.07 $/€)
3. CAPEX including G&G and G&A from exploration and including efficiencies
Capex optimization will have no impact on production because of the previous investment cycle from Repsol's legacy assets (Average RRR 2011-2013: 214%)

**Production evolution**

<table>
<thead>
<tr>
<th>Year</th>
<th>Production (kboepd)</th>
<th>RRR 2014</th>
<th>RRR 2015</th>
<th>RRR 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>From Reserves</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>From Contingent resources</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>From Prospective resources</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2020</td>
<td>From Reserves</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

[¹] Organic Reserve ratio excluding the acquisition of Talisman and other inorganic transactions (RRR 500% inorganic)
UPSTREAM

E&P Cost Efficiency Program

// Levers //

Business units (Opex & Operational Capex)
- Technical standardization
- Operational uptime increase
- Procurement & logistics optimization
- Organizational right-sizing

Large capital projects
- Post-FID projects: Efficiency gains, scope challenge
- Pre-FID projects: Lean and cost-efficient engineering and supply chain design, collaborative approach with contractors, integrated project execution, ...

Exploration & drilling
- Simplification of geological targets, coring, testing
- Well design standardization
- Planning and execution efficiencies
- Procurement & logistics optimization
- Organizational right-sizing

Support functions
- Ongoing analysis of added value for every task
- Organization right-sizing
- Optimize support functions

More than 50% of the efficiency target in 2018 to be achieved in 2016 ~€0.6 B/y savings by 2016.

€1.1 B/y savings by 2018
~€0.6 B/y Capex
~€0.5 B/y Opex
Examples of improvements in Talisman legacy assets

**UK**

**Improved Recovery Factor:**
- Develop a prioritized inventory of qualifying capital projects to be used in the asset strategy definition.

**Improved Operational Efficiency:**
- Contribute to the stretch objective of TSEUK producing >50kboe/d, with significant improvement in the per barrel profitability.
- Optimize Capex and Opex.

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**MARCELLUS**

**Marcellus Fracking pricing:**
- Marcellus frac cost per stage
  - USD Thousands/year
  - Original Cost
  - New Cost
  - -27%

**Marcellus commercialization:**
- Practice of selling excess capacity has been replaced with purchase of gas from 3rd parties, leveraging Repsol Trading capabilities in North America.
- Lower effective transport cost through positive net revenues from buy/sell margins, underpinning business profitability.

<table>
<thead>
<tr>
<th>Year</th>
<th>Unit Operating Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>-44%</td>
</tr>
<tr>
<td>2015</td>
<td></td>
</tr>
</tbody>
</table>
Sustainable cash flow generator

**Refining**
- ~1 million barrels of refining capacity per day.
- Top quartile position among European peers along the cycle.
- 63 % FCC equivalent.
- 5 refineries optimized as a single operation system.

**Petrochemicals**
- All three sites are managed as a single petrochemical hub.
- Chemical sites and crackers strategically located to supply Southern Europe and Mediterranean markets.
- Logistic flexibility to enhance competitive feedstock imports at Tarragona and Sines.

**Marketing**
- 4,716 service stations throughout Spain, Portugal, Peru, and Italy.
- 3,585 service stations in Spain → 70% have a strong link to the company and 29% directly managed.
- Marketing activity also includes other sales channels and the marketing of a wide range of products, including aviation fuels, lubricants, asphalts, base oils, paraffin and derivatives.

**LPG**
- One of the leading retail distributors of LPG in the world, ranking first in Spain and is of the leading companies in Portugal.
- We distribute LPG in bottles, in bulk and AutoGas.
- Bottled LPG sales, through a network of 212 distribution agencies, accounted for over 62% of total retail sales of LPG in Spain in 2015.
DOWNSTREAM

Downstream to provide sustainable value

Maximize performance

- Taking advantage of the integration between refining and marketing businesses with focus on reliability

Capital discipline

- Discipline in capital allocation
- Divestments of non-core assets for value creation

Margin improvement & Efficiency Program

- Optimizing integrated margin across businesses
- Strong focus on reducing energy cost and CO₂ emissions

Objective to generate FCF ~ €1.7 B/y (average 2016-2020)
Repsol’s refining margin indicator evolution

Margins back to a mid cycle scenario

Base Repsol Crack Index\(^1\) 2005-2020

<table>
<thead>
<tr>
<th>Year</th>
<th>Base Repsol Crack Index ($/bbl)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005-08</td>
<td>6.6</td>
</tr>
<tr>
<td>2009-14</td>
<td>1.5</td>
</tr>
<tr>
<td>2015</td>
<td>4.3</td>
</tr>
<tr>
<td>2016-20</td>
<td>2.7</td>
</tr>
</tbody>
</table>

Average: 3.6

2015 Refining Margin

- 4.3

2016-20 Estimated refining margin

- 0.7

Repsol Refining margin index evolution

- 8.8 → -28% → 6.4\(^(*)\)

Base Repsol Crack Index 2005-2020

- 6.6
- Average: 3.6
- 1.5
- 4.3
- 2.7

Additional margin from projects pre-SP

- 4.0

Efficiency and margin improvement program

- 0.7
- 3.0

\(^1\) Without taking into account margin from projects and efficiency improvement program

Note: Since the start up of the Bilbao and Cartagena projects, the premium went up from 1.6$/bbl in 2012 to 2.8$/bbl in 2014 and 4.3$/bbl in the first three quarters of 2015

\(^(*)\) 2016 Budget assumption: 6.9 $/bbl
Fundamentals support sustained Repsol refining margins

- **Lower Opex**
  - Lower oil and gas prices

- **Growing refined products demand**
  - Average demand growth of 1.2% for 2016-2020 on top of strong 2015 demand
  - Spain fuels demand growth at 4% in 2015

- **European refineries at high utilization of effective capacity**
  - Lower EU effective capacity due to low maintenance activity in recent years
  - Low Brent-WTI and NBP-HH gaps and low $/€ exchange rate

- **Restart unlikely in EU**
  - Restarts unlikely due to required investment in working capital and fixed costs with long-term uncertainties remaining for less competitive refineries in EU

- **Refining project delays and cancellations**
  - Capacity-addition delays and cancellations due to stressed cash position of integrated companies and NOCs

- **Demand vs. effective capacity tighter than previous years**
  - Capacity additions offset by growing demand

- **Light-Heavy differentials**
  - Marpol (1) increases diesel demand, while lowering fuel oil demand and price
  - Large increase in production of heavy crudes

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1 Marpol: International convention for the prevention of pollution from ships.
~€0.5 B/y from Downstream efficiency improvement in 2018

**Projects**

- **Refining**
  - Energy cost reduction
  - Improved planning to increase crude supply flexibility
  - Operations optimization including fixed-cost reductions
  - Increased asphalt production in Peru

- **Integrated margin**
  - Optimization of integrated margin across the value chain with: optimization of crackers supply, processing challenging crude...

- **Commercial businesses**
  - Network structure optimization
  - Logistics and planning improvements

- **Chemicals**
  - Operational improvement focused on raw material flexibility and facilities reliability
  - Optimization of pricing strategy

**Levers**

- ~€250 M/y
- ~€100 M/y
- ~€100 M/y
- ~€50 M/y

**EBIT increase by 2018**

Total target of ~€0.5 B/y

**Downstream efficiency program on track: ~€0.2 B/y savings by 2016**
Maximizing value and cash generation leveraged on fully invested assets

// Sustainable value from quality assets //
Repsol in leading position among European peers

European Integrated Margin of R&M

Average investments

Downstream resilience reinforced by commercial business integration with industrial businesses

Note: Integrated R&M margin calculated as CCS/LIFO-Adjusted operating profit from the R&M segment divided by the total volume of crude processed (excludes petrochemicals business) of a 9-member peer group.
Based on annual reports and Repsol's estimates. Source: Company filings.
Gas Natural Fenosa

Strong profitability with long term vision

- 20% of valuable stake in a leading gas & power company
- Stable dividend with growth potential (*)
- Strong profitability performance (well above wacc and not linked to oil price)
- Provides strategic optionality for stronger role of gas and renewables in energy mix
- Liquid investment that provides financial optionality

[*] Dividends received in 2012-2016 period ~ € 1.4 b
Financial outlook
Financial outlook

Financial Strategic Plan 2016-2020

Sound track record in managing adverse conditions
Resilient Plan with stronger business profile
Conservative financial policy

Commitment to reduce debt and maintain investment grade

The three Rating Agencies, Standard & Poor’s, Moody’s and Fitch, confirmed and maintained our ratings, BBB-, Baa2 and BBB respectively.

Commitment to maintain shareholder compensation in line with current company level
Financial outlook

Business Resilience

// Despite the challenging environment Repsol’s EBITDA has remain unchanged//

|---------------------|----------------|----------------|

- **Upstream:** Lower cash breakeven
- **Downstream:** Higher integrated refining margin

Group FCF breakeven after dividend and interest reduced from 60$/bbl to 40$/bbl

---

**EBITDA**

*Billion €*

- **Upstream:**
  - 9M 2015: 1.4
  - 9M 2016: 1.4

- **Downstream:**
  - 9M 2015: 2.4
  - 9M 2016: 2.3

- **Corporate & others:**
  - 9M 2015: +0.1
  - 9M 2016: -0.2

**Repsol**

- 9M 2015: 3.6
- 9M 2016: 3.6

[*] EBITDA does not include G&G expenses [€148M in 2016 and €165M in 2015]
Financial outlook

9M2016 Net Debt evolution

// Net Debt Evolution after paying dividends //</br>

<table>
<thead>
<tr>
<th>Component</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Debt 31st Dec 2015</td>
<td>11.9</td>
</tr>
<tr>
<td>Operating Cash Flow Before WC</td>
<td>[3.5]</td>
</tr>
<tr>
<td>Capex</td>
<td>2.2</td>
</tr>
<tr>
<td>Dividends Paid</td>
<td>0.4</td>
</tr>
<tr>
<td>Others</td>
<td>0.5</td>
</tr>
<tr>
<td>Working Capital</td>
<td>1.1</td>
</tr>
<tr>
<td>Divestments</td>
<td>[2.7]</td>
</tr>
<tr>
<td>Net Debt 30th Sep 2016</td>
<td>10.0</td>
</tr>
</tbody>
</table>

Breakeven at approximately 45 USD per barrel before working capital
Financial outlook

Sources of liquidity as of 30th Sep 2016

<table>
<thead>
<tr>
<th>[Million €]</th>
<th>Structural</th>
<th>Operating</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Committed Credit Lines</td>
<td>3,909</td>
<td>618</td>
<td>4,527</td>
</tr>
<tr>
<td>Used</td>
<td>[180]</td>
<td>[180]</td>
<td></td>
</tr>
<tr>
<td>Available</td>
<td>3,909</td>
<td>438</td>
<td>4,347</td>
</tr>
<tr>
<td></td>
<td>90%</td>
<td>10%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Available Structural credit lines represent 90% from total committed credit lines

Strong liquidity position represents 59% gross debt

[*] Gross debt excludes interests and derivatives € 0.24 billion
Financial outlook

Strong liquidity coverage

Liquidity covers long term debt maturities beyond 2019

Liquidity exceeds 1.9x short term maturities

1. Excluding interest and derivatives € 0.24 billion.
Financial outlook

Delivery of Commitments

- **Divestments**
  - Piped Gas Business, Offshore Wind, TSP T&T
  - E&P portfolio management: Alaska, Norway

- **GNF monetization**
  - Sale of 10% participation in GNF

- **Dividend**
  - Repsol dividend reduction
  - Scrip dividend

- **Synergies and Efficiencies**
  - Efficiencies and synergies accelerated

- **Debt reduction**
  - Debt reduced in €1.9Bn as of September 2016

**Maintenance of investment grade is fundamental to our long term strategy**
2016 Outlook

✓ Divestment program progressing ahead of schedule, transactions worth ~€5 billion announced since start of strategic plan.

✓ Efficiency and Synergy project set to deliver €1.4 billion in benefits in 2016.
  ✓ Savings are being delivered faster than originally expected
  ✓ On track to deliver on longer term strategic targets

✓ Significant reduction in Net Debt by end 3Q, business is cashflow breakeven at ~$45 per barrel

✓ Upstream business profitable at the operating level through the last 2 quarters
  ✓ Capex optimization and cost control on track for full year delivery
  ✓ Production volumes in line with Strategic Plan at ~700,000 barrels per day average for 2016.

✓ Downstream forecasted to deliver ~€3 billion free cash flow in 2016
  ✓ Return to strong margins so far in 4Q
  ✓ Refining major maintenance program for 2016 completed, indicator premiums recaptured
Investor Update 3Q 2016
Repsol Investor Relations

2016-2020 Value & Resilience